

Message Text

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ORIGIN PM-05

INFO OCT-01 ARA-10 ISO-00 TRSE-00 OMB-01 IGA-02 L-03

CIAE-00 INR-07 NSAE-00 /029 R

DRAFTED BY PM/SAS:RTITUS:RG

APPROVED BY PM:RAERICSON

ARA/AND/C:DCOX (SUBS)

ARA/RPP:SQUIGG (SUBS)

TREASURY:CCROSSWHITE (SUBS)

DOD/ISA/DSAA:LTGEN. FISH

DOD/OGC:BFORMAN

DOD/ISA/DSAA:RHAMMOND

DOD/ISA:CAPT. MAY

-----056953 191040Z /13

P R 182020Z NOV 77

FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA PRIORITY

INFO SECDEF

CINCSOUTH

AFAFC DENVER COLO

C O N F I D E N T I A L STATE 277160

E.O. 11652: GDS

TAGS: MASS, CO

SUBJECT: FMS FINANCING FOR COLOMBIA

REF: SECDEF MSG 7617 DTG 170108Z NOV 77

1. ALTHOUGH FY 77 FMS FINANCING AGREEMENT WAS SIGNED AT
BOGOTA SEPT 29 AS REPORTED REFTEL (WHICH WAS RECEIVED IN
WASHINGTON LATE SEPT 30), WE WERE UNABLE TO COMPLETE
LEGAL REQUIREMENTS FOR ISSUING LOAN GUARANTEE BEFORE END
OF FISCAL YEAR, MIDNIGHT, SEPT. 30, WHEN FUNDING AUTHORITY
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AUTOMATICALLY LAPSED. THUS, ALTHOUGH WE HAVE VALID FY 77
AGREEMENT WITH COLOMBIA, WE HAVE NO FY 77 FUNDS OR PROGRAM
AUTHORITY AVAILABLE FOR ITS IMPLEMENTATION.

2. FOLLOWING COURSE HAS BEEN ADOPTED FOR DEALING WITH
THIS SITUATION: AFTER PASSAGE OF FY 78 SECURITY ASSISTANCE
LEGISLATION, DEPARTMENT OF STATE, DEFENSE, THE TREASURY

AND OMB ARRANGED TO USE FY 78 FUNDS TO GUARANTEE \$26 MILLION LOAN TO COLOMBIA. APPORTIONMENT OF FUNDS WAS MADE NOVEMBER 10. IT IS NECESSARY FOR GUARANTY FEE TO BE RECEIVED BY DSAA BEFORE DOD CAN PROVIDE GUARANTY AND LEGAL OPINION TO FFB. AFTER FFB RECEIVES LOAN DOCUMENTS, INCLUDING DOD GUARANTY AND LEGAL OPINION, IT WILL REVIEW FOR COMPLETENESS AND WILL NOTIFY GOC WHEN LOAN MAY BE USED. GOC ALSO MUST LIQUIDATE ANY ARREARAGES ON FMS CASES BEFORE IT MAY DRAW DOWN FY 77 LOAN OF \$26 MILLION. FYI. REGARDING REF MSG, PROBLEM WILL BE RESOLVED WHEN YOU OBTAIN SIGNED PROMISSORY NOTES AND DELIVER TO DSAA/TC. END FYI.

3. WE WILL ENDEAVOR TO IMPLEMENT AS MUCH AS FEASIBLE OF \$29 MILLION GUARANTEED LOAN ORIGINALLY PROGRAMMED FOR FY 78. HOWEVER, THE U.S. PRESENTLY HAS WORLDWIDE REQUIREMENTS IN EXCESS OF PROGRAM LEVELS AND OBLIGATIONAL AUTHORITY AUTHORIZED BY THE CONGRESS. THIS REQUIRES THAT WE REVIEW AND RANK REQUIREMENTS AGAINST FUNDS AVAILABLE FOR THE WORLDWIDE PROGRAM. UNTIL THIS IS ACCOMPLISHED WE CANNOT PROVIDE GOC ANY ASSURANCES REGARDING EXTENT TO WHICH REPROGRAMMING MAY BE POSSIBLE. WE DO NOT ANTICIPATE COMPLETION OF REPROGRAMMING UNTIL LATE IN FISCAL YEAR. BEGIN FYI. WE HAVE CONCLUDED THAT SUPPLEMENTAL BUDGET REQUEST IS NOT POLITICALLY FEASIBLE TO RESOLVE THE COLOMBIAN ISSUE, HENCE THE ISSUE MUST BE RESOLVED WITHIN

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REPROGRAMMING OUTLINED ABOVE. END FYI.

4. CHARGE SHOULD INFORM GOC OF THIS DEVELOPMENT DRAWING ON ABOVE AND EXPRESSING REGRET AND UNDERSTANDING FOR DISAPPOINTMENT IT MAY CAUSE. YOU MAY POINT OUT THAT WE ARE REVIEWING OUR PROCEDURES FOR IMPLEMENTING FMS FINANCING AGREEMENTS AND STATE THAT THIS INCIDENT DEMONSTRATES IMPORTANCE OF TIMELY ACTION ON BOTH SIDES FOR CONCLUSION OF FMS AGREEMENTS. YOU MAY ALSO WISH TO NOTE THAT WE HAVE RECENTLY AGREED TO EXTEND DISBURSEMENT PERIOD OF FY 1976 LOAN BY ONE YEAR TO ENABLE GOC TO COMPLETE CONTRACTS WITH SUPPLIERS AND DRAW DOWN ALL OF REMAINING \$12 MILLION. VANCE

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Sent Date: 18-Nov-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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TAGS: MASS, US, CO
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